



Small Business Networking and Training Conference

Newport, Rhode Island

September 9, 2009

Presented By:

**Theodore H. Jones, Division Chief, Ground Fuels
Division III**



Agenda



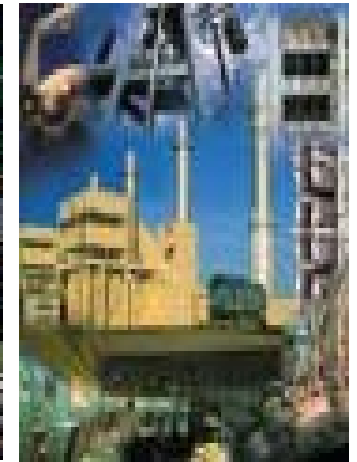
- Direct Delivery Fuels Overview
 - Products/Customers
 - Post Camps and Stations
 - Bunkers
 - Into-plane
- Program Highlights
 - FEMA Support
 - Alternative Fuels



Direct Delivery Fuels Mission



Supports the Military Services and Federal Agencies with commercial fuels (Gasoline, Distillates, Residuals, Marine fuels and Aviation Fuel) at commercial airports, commercial seaports and Posts, Camps and Stations worldwide.





Commercial Fuel Products



- Motor Gasoline (MOGAS)
- Gasohol
- Ethanol-based alternative fuels
- Automotive Diesel
- Biodiesel
- Kerosene
- Heating Oil
- Jet Fuel JA1, Jet A, TS-1
- Aviation Gasoline (AVGAS)
- Marine Gas-Oil (MGO)
- Intermediate Fuel Oil





Posts, Camps & Stations



Support the Warfighter, Military Services and Federal/Civilian Agencies with commercial ground fuels worldwide

Ground Fuel Contracts

- Periodic economic price adjustment
- Inventory for capitalized products
- Automatic fill for heating oil
- Decentralized orders & payment
- Best Value Contracting
- Organized by contractors/customers
- Support of OEF/OIF

Contract Coverage – FY2008

Domestic:

- 225 Contracts
- 1433 Activities Supported
- \$2.5B Contract Value
- 32.3 Million Barrels

Overseas:

- 82 Contracts, 32 Countries
- 246 Activities Supported
- \$3.8B Contract Value
- 36.2 Million Barrels





Global Bunkers Support



Support the Warfighter, Military Services and Federal/Civilian Agencies with ship propulsion fuels at commercial seaports worldwide

- Bunkers (MGO)
- Periodic economic price adjustment
- No government inventory or facilities
- "Sea Card" program implemented

Contract Coverage - FY2008

Domestic:

- 111 Ports Supported
- 40 Contracts
- \$456.9M Contract value

Overseas:

- 139 Ports Supported in 61 Countries
- 25 Contracts
- \$1.1B Contract Value
- 14.7M Barrels





Into-Plane



Support the Warfighter, Military Services and Federal/Civilian Agencies with aviation fuels at commercial airports worldwide

Into-Plane Contracts

- Use AIR Card to order
- Any government agency can order any item at any location
- periodic economic price adjustment
- No government inventory or facilities



Contract Coverage - FY2008

Domestic:

- 325 Locations Supported
- 322 Contracts
- \$996.5M Contract Value
- 9.7 Million Barrels

Overseas:

- 177 Locations Supported/96 Countries
- 32 Contracts
- \$926.3M Contract Value
- 9.2 Million Barrels

Total Sales:

- \$699.6 Million Contract
- \$166.7 Million Non-Contract

Unclassified



FEMA Regions





Background

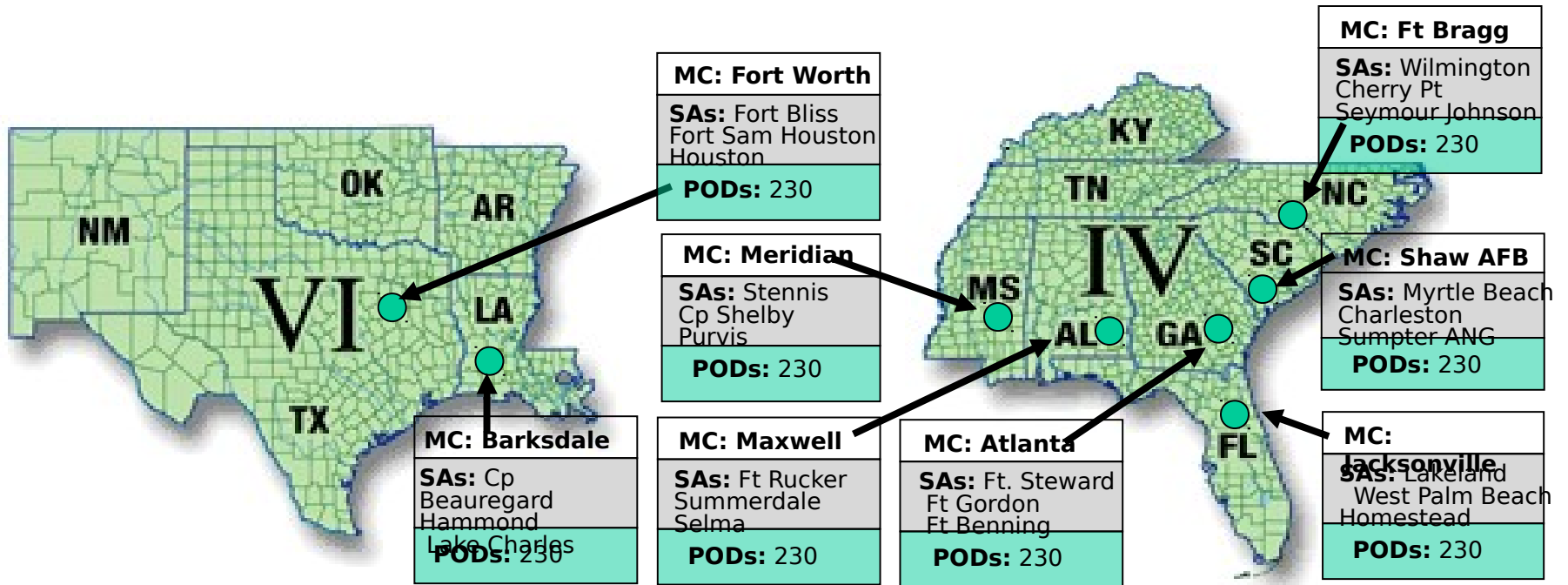


- Requirement is for Diesel and MOGAS to be trucked to FEMA designated locations.
- In general, whenever there is a supply shortage this contract will be activated so that FEMA will continue to be able to get rescue crews and other supplies to needed areas during disaster support.



FEMA Regions VI & IV

Potential MCs and SAs



Mobilization Center
Staging Area
Points of Distribution

MC

SA

POD



Mobilization Center (MC) Daily Requirement



- Diesel: 150,000 USG
 - Trucks
 - Generators
- Gasoline: 21,000 USG
 - Rental cars
- Totals are Inclusive of 230 Points of Distribution (PoD) requirements.
 - Contractor is permitted, not required, to establish mobile refueling centers, including temporary storage.



Staging Area (SA) Daily Requirement



- Diesel: 40,000 USG
 - Trucks
 - Generators
- Gasoline: 1,000 USG
 - Rental cars



Alternative Fuels



- DESC Established the Alternative Fuels Program in 2001
- Procured E85 and Biodiesel
- B20 Blend of Biodiesel
- E85-seasonally adjusted according to delivery location (E75-E85)
- DESC established C16.14 for E85 and C16.27 for Biodiesel
- DESC commitment to meeting Alt. Fuels Executive Order-continuing to work with customers on meeting mandate



PC&S Program Schedules



| <u>COG</u> | <u>Contract Period</u> | <u>Sol. Issuance Date</u> |
|------------|------------------------|---------------------------|
| 2 | 1 Jan 06-31 Mar 11 | Aug 10 |
| 3 | 1 Aug 05-31 Jul 10 | Sep 09 |
| 4 | 1 Oct 07-30 Sep 10 | Feb 10 |
| 6 | 1 Jun 09-31 May 12 | Oct 11 |
| 7 | 1 Sep 04-30 Nov 09 | Feb 09 |
| 8 | 1 Jul 05-30 Jun 10 | Feb 10 |
| Alaska | 1 Nov 07-30 Sep 11 | Apr 11 |
| Hawaii | 1 Jan 06-31 Dec 09 | AUG 09 |



Alternative Fuels Issues- E85



- E85 tank infrastructure
- Market escalators
- E10 vs. E85-vendor confusion?
- Vehicular Inventory at the level of the customer



Alternative Fuels Issues- B20



- 2007 vehicles-15 ppm requirement (Ultra Low Sulfur Diesel requirement)
- B100-C16.27 only allows virgin vegetable oil and/or yellow grease
- Product must be pre-blended prior to being off loaded in to tanks
- Extreme Climatic Conditions-fuel gelling (Minot AFB, Offutt AFB, etc)



Vendor Suggestions-Pit Falls?



- Read solicitation requirements carefully
- Item narratives-some list specific information regarding requirement that must be met (B20-ULSD (15 ppm,) vs. LS Diesel(500 ppm))
- Special delivery conditions (TT vs. TW deliveries)
- Tax inclusion in offer price (local (State) vs. Federal)
- Period of Performance-Offer should reflect vendors ability to perform the full duration of the performance period
- DFAS payment office vs. FEDCIV payment offices
- Periodically review the DESC website for solicitation updates, amendments www.desc.dla.mil, or contact the Contracting Officer assigned to the purchase program
- Supply agreements
- B100 Supplier-Must be EPA Registered
- CCR Registration



Questions?